GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:416
ANSWERED ON:28.02.2008
COAL BED METHANE BLOCKS
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether Oil and Natural Gas Corporation (ONGC) have made any in depth analysis to find out the reasons for failure of obtaining Coal Bed Methane Blocks;

(b) if so, the details in this regard; and

(c) the extent to which ONGC has been able to improve their performance for future bidding ?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI DINSHA PATEL)

(a) to (c) In third round of bidding for exploration and exploitation of Coal Bed Methane (CBM-III), 10 blocks were offered under international competitive bidding process. Out of 10 Blocks, ONGC submitted bid for 5 blocks only based on the techno economic evaluations. As ONGC did not get any of the Blocks for which bids were submitted, the analysis carried out by ONGC revealed as under :-

1. Shortfall of score on account of no CBM production in the last three years, except test flow. It has been found that Indian companies having CBM acreage have reported flaring of gas as 'production'. With the same analogy, ONGC is producing CBM gas since 1997.

2. Shortfall of score on account of work programme due to rational optimization of time.

3. All of the companies have saturated the physical work programme score as was also done by ONGC. However, unlike ONGC they have aggressively reduced time to obtain full score.

4. The fiscal packages offered by majority of the Companies have been exceptionally aggressive.

5. Although new Indian players in the field lack Technical capability, the same was compensated by forming strategic alliances with foreign operators with minor PI.

6. As per classification of coalfields the present Blocks fall in low rank Category for which such aggressive bidding was totally unexpected.
However,based upon the lessons learnt by ONGC from this round, ONGC shall be making adaptations in its bidding strategy in the forthcoming rounds.